

TO: Distribution

FROM: Market Information/Bruce Neidle

SUBJECT: Weekly Shipment Performance w/e 5/21/99

DATE: May 24, 1999

Industry volume for the week was down -0.1 billion units vs. week-ago at 8.2 billion units. Industry performance reflects lower than expected shipments to McLane, apparently offset by some competitive promotional shipments.

RJR's weekly performance was stronger than their 13wm average driven largely by their discount volume. Reynolds' Discount SOC at 37.5% was up +4.3pp vs. their 13wm average, it's highest weekly level since 1/8/99, suggesting shipments in support of an upcoming promotion.

PM's shares were also influenced by the lower shipments to McLane and RJR's strong discount activity. PM's shares were: SOI: 48.4%; Premium SOC: 58.9%; and Discount SOC: 20.8%.

Discount category share for the week was 27.6%, up +0.6pp vs. the prior week. QTD, the Discount category was 27.7%, up +1.1pp vs. yago, while on a YTD basis, it was 26.7%, down -0.4pp.

<u>PM-USA May Performance</u>							
<u>Volume</u>				<u>Share</u>			
<u>W/E</u>	<u>PROJ</u>	<u>ACTUAL</u>	<u>VS. PROJ</u>	<u>PROJ</u>	<u>ACTUAL</u>	<u>VS. PROJ</u>	<u>ACTUAL</u>
5/7	3,875	4,181	306	48.1%	50.0%	1.9	
5/14	3,975	4,176	201	48.7%	50.0%	1.3	
5/21	4,070	3,978	(92)	49.3%	48.4%	(0.9)	
5/28	4,580	5,068		49.3%	51.2		
(1 Day) 5/31	0						
MTD	11,920	12,335	415	48.7%	49.5%	0.8	
May	16,500			48.9%			

All numbers are rounded.

Variance Explanation

w/e 5/21

PM's share performance for the week was below projection mainly due to lower than anticipated shipments to McLane (PM is around 58% of McLane's business) and greater than expected competitive shipments, likely promotional volume.

w/e 5/14

PM's volume and share performance for the week were above projection, likely reflecting variations in timing of shipments in support of the current buydown.

w/e 5/7

PM's volume and share performance for the week were above projection, likely reflecting variations in timing of shipments in support of the current buydown.

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PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 5/21/99

THIS WEEK'S RESULTS							
	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
Current Week	8,216	3,978	2,051	1,090	835	103	160
Diff. vs. 1998	-2,510	-1,144	-600	-599	-220	3	50
% Change vs. '98	-23.4%	-22.3%	-22.6%	-35.5%	-20.9%	2.6%	46.2%
SHARE							
Current Week		48.4%	25.0%	13.3%	10.2%	1.3%	1.9%
Diff. vs. 1998		0.7%	0.2%	-2.5%	0.3%	0.3%	0.9%
FORECAST							
Current Week	7,859	3,939	1,889	1,114	730	88	100
Diff. vs. Forecast	357	39	161	-24	106	16	60
CURR. PROJECTION							
Current Week	8,257	4,070					
Diff. vs. Projection	-41	-92					
PREMIUM							
Volume	5,949	3,505	1,200	533	668	29	13
Share of Category	72.4% *	58.9%	20.2%	9.0%	11.2%	0.5%	0.2%
Contribution		88.1%	58.5%	49.0%	79.9%	28.3%	8.3%
DISCOUNT							
Volume	2,268	473	851	556	168	74	146
Share of Category	27.6% *	20.8%	37.5%	24.5%	7.4%	3.3%	6.5%
Contribution		11.9%	41.5%	51.0%	20.1%	71.7%	91.7%

PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 5/21/99

QUARTER TO DATE							
	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
QTD	56,922	26,804	14,008	8,040	6,377	590	1,102
1998 Actual	67,192	31,391	16,555	11,218	6,458	888	682
Diff. vs. 1998	-10,271	-4,586	-2,547	-3,177	-81	-298	420
% Change vs. '98	-15.3%	-14.6%	-15.4%	-28.3%	-1.3%	-33.6%	61.5%
SHARE							
QTD		47.1%	24.6%	14.1%	11.2%	1.0%	1.9%
Diff. vs. 1998		0.4%	0.0%	-2.6%	1.6%	-0.3%	0.9%
FORECAST							
Current Week	55,717	27,293	13,698	8,076	5,291	636	723
Diff. vs. Forecast	1,204	-488	310	-36	1,085	-45	378
PREMIUM							
Volume	41,177	23,361	8,559	3,775	5,207	183	92
Share of Category	72.3% *	56.7%	20.8%	9.2%	12.6%	0.4%	0.2%
Diff. vs. 1998	-1.1%	0.6%	-0.5%	-1.0%	1.0%	-0.1%	0.0%
Contribution		87.2%	61.1%	46.9%	81.7%	31.0%	8.3%
DISCOUNT							
Volume	15,745	3,443	5,449	4,266	1,170	407	1,010
Share of Category	27.7% *	21.9%	34.6%	27.1%	7.4%	2.6%	6.4%
Diff. vs. 1998	1.1%	1.0%	0.7%	-7.5%	3.5%	-1.0%	3.3%
Contribution		12.8%	38.9%	53.1%	18.3%	69.0%	91.7%

*Share of Industry

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PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 5/21/99

4WM AVERAGE

	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
Latest 4 Wks	8,150	4,005	1,957	1,076	858	97	157
Diff. vs. Pr. 4WM	282	184	56	17	7	11	6
Change v Pr 4WM	3.6%	4.8%	3.0%	1.6%	0.8%	12.7%	4.2%
Diff. vs. YAG 4WM	-1,575	-622	-397	-520	-69	-26	59
Change vs. YAG 4WM	-16.2%	-13.4%	-16.9%	-32.6%	-7.5%	-21.3%	61.1%
SHARE							
Latest 4 Wks		49.1%	24.0%	13.2%	10.5%	1.2%	1.9%
Diff. vs. Pr. 4WM		0.6%	-0.1%	-0.3%	-0.3%	0.1%	0.0%
Diff. vs. YAG 4WM		1.6%	-0.2%	-3.2%	1.0%	-0.1%	0.9%
PREMIUM							
Volume	5,934	3,507	1,182	521	682	28	13
Change v Pr 4WM	3.7%	5.6%	0.8%	2.4%	0.2%	4.8%	3.0%
Share of Category	72.8% *	59.1%	19.9%	8.8%	11.5%	0.5%	0.2%
Diff. vs. Pr. 4WM		1.1%	-0.6%	-0.1%	-0.4%	0.0%	0.0%
Diff. vs. YAG 4WM		1.9%	-0.6%	-1.2%	0.0%	0.0%	0.0%
DISCOUNT							
Volume	2,216	498	775	555	176	69	143
Change v Pr 4WM	3.3%	-0.6%	6.5%	0.8%	3.4%	16.3%	4.3%
Share of Category	27.2% *	22.5%	35.0%	25.0%	7.9%	3.1%	6.5%
Diff. vs. Pr. 4WM		-0.9%	1.1%	-0.6%	0.0%	0.3%	0.1%
Diff. vs. YAG 4WM		2.1%	0.5%	-0.5%	3.0%	-0.4%	3.4%

PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 5/21/99

13WM AVERAGE

	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
Latest 13 Wk	7,943	3,926	1,843	1,081	844	92	157
Diff. vs. Pr. 13WM	-2	-10	8	-3	1	1	2
Change vs. Pr. 13WM	-0.0%	-0.3%	0.4%	-0.3%	0.1%	0.6%	1.4%
Diff. vs. YAG 13WM	-1,140	-507	-349	-354	21	-23	73
Change vs. YAG 13WM	-12.6%	-11.4%	-15.9%	-24.7%	2.5%	-19.9%	86.1%
SHARE							
Latest 13 Wk		49.4%	23.2%	13.6%	10.6%	1.2%	2.0%
Diff. vs. Pr. 13WM		-0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Diff. vs. YAG 13WM		0.6%	-0.9%	-2.2%	1.6%	-0.1%	1.0%
PREMIUM							
Volume	5,855	3,482	1,145	511	680	25	13
Change v Pr 13WM	0.1%	-0.2%	0.5%	0.5%	0.8%	1.6%	0.9%
Share of Category	73.7% *	59.5%	19.6%	8.7%	11.6%	0.4%	0.2%
Diff. vs. Pr. 13WM	0.1%	-0.2%	0.1%	0.0%	0.1%	0.0%	0.0%
Diff. vs. YAG 13WM	0.0%	1.4%	-1.3%	-0.7%	0.6%	-0.1%	0.0%
DISCOUNT							
Volume	2,089	444	698	570	164	68	144
Change v Pr 13WM	-0.3%	-0.4%	0.3%	-1.0%	-2.6%	0.3%	1.5%
Share of Category	26.3% *	21.3%	33.4%	27.3%	7.9%	3.2%	6.9%
Diff. vs. Pr. 13WM	-0.1%	0.0%	0.2%	-0.2%	-0.2%	0.0%	0.1%
Diff. vs. YAG 13WM	0.0%	-1.7%	0.0%	-6.3%	4.1%	-0.2%	4.0%

*Share of Industry

PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 5/21/99

	YEAR TO DATE						
	INDUSTRY	PHILIP MORRIS	RJ REYNOLDS	B & W	LORILLARD	LIGGETT	ALL OTHER MFGRS
VOLUME							
YTD	154,680	76,103	36,359	21,243	16,436	1,674	2,866
1998 Actual	175,423	85,907	42,663	27,300	15,707	2,153	1,693
Diff. vs. 1998	-20,743	-9,804	-6,304	-6,058	729	-479	1,173
% Change vs. '98	-11.8%	-11.4%	-14.8%	-22.2%	4.6%	-22.3%	69.3%
SHARE							
YTD		49.2%	23.5%	13.7%	10.6%	1.1%	1.9%
Diff. vs. 1998		0.2%	-0.8%	-1.8%	1.7%	-0.1%	0.9%
FORECAST	148,260	74,092	35,427	21,531	13,694	1,726	1,790
Diff. vs. Forecast	6,420	2,011	932	-289	2,742	-53	1,076
PREMIUM							
Volume	113,458	67,110	22,391	10,092	13,153	466	245
Diff. vs. 1998	-14,483	-7,259	-4,254	-1,888	-860	-153	-69
% Change vs. '98	-11.3%	-9.8%	-16.0%	-15.8%	-6.1%	-24.6%	-22.0%
Share of Category	73.3% *	59.1%	19.7%	8.9%	11.6%	0.4%	0.2%
Diff. vs. 1998	0.4%	1.0%	-1.1%	-0.5%	0.6%	-0.1%	0.0%
DISCOUNT							
Volume	41,222	8,993	13,968	11,150	3,282	1,207	2,621
Diff. vs. 1998	-6,260	-2,545	-2,050	-4,170	1,589	-327	1,242
% Change vs. '98	-13.2%	-22.1%	-12.8%	-27.2%	93.8%	-21.3%	90.1%
Share of Category	26.7% *	21.8%	33.9%	27.0%	8.0%	2.9%	6.4%
Diff. vs. 1998	-0.4%	-2.5%	0.2%	-5.2%	4.4%	-0.3%	3.5%

*Share of Industry

Note: Company volumes may not sum to Total Industry due to rounding.

Volume differences, percentages and share figures are calculated on full precision numbers.

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